

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 685 - HB 980**

February 26, 2023

**SUMMARY OF BILL:** Authorizes a municipality that operates a residential solid waste collection service (collecting municipality) to create a solid waste authority or a joint authority under the *Solid Waste Authority Act of 1991*. Extends to authorities created by a collecting municipality the requirements and authorizations that currently apply to solid waste authorities.

**FISCAL IMPACT:**

**Other Fiscal Impact – It is estimated that the City of Murfreesboro will experience a permissive increase in expenditures of \$20,000 for legal and administrative costs; however, the timing of such increase is not known. The extent and timing of any further fiscal impact to local government cannot reasonably be determined, but is considered permissive.**

Assumptions:

- The proposed legislation would result in a permissive increase in expenditures for any city that elects to create a solid waste authority.
- At this time, there is one known municipality that would be expected to create a solid waste authority upon passage of the proposed legislation, the City of Murfreesboro.
- Based on information provided by Murfreesboro, the city anticipates that the landfill receiving the city's solid waste will close within the next six years and the city will require a cost-effective alternative.
- It is estimated that the city would incur \$20,000 in legal and administrative expenses due to forming the authority. Upon creation of the authority, all expenses of the authority would be the authority's responsibility.
- Legal and administrative expenses will vary for each municipality, and therefore a precise increase in local expenditures cannot be determined.
- A city electing to create an authority would do so by an ordinance certified by the county clerk, municipal clerk or recorder and sent to the Secretary of State and Commissioner of Environment and Conservation; such requirement will not have any significant fiscal impact on state or local government.
- An authority would be required to establish a board of directors and would be authorized to provide members compensation. Any increase in local expenditures would be dependent on the actions of the board of directors and cannot be estimated.
- The proposed legislation provides such authorities the following powers including, but not limited to: (1) sue and be sued; (2) plan, establish, acquire, and construct projects;

- (3) exercise the power of eminent domain in certain situations; (4) acquire and hold, sell, lease, exchange, donate or convey all types of property; (5) make and enter into all contracts, trust instruments, agreements, and other instruments; (6) incur debts, borrow money, issue bonds; and (7) employ and pay compensation to employees.
- Any permissive fiscal impact to local government due to exercising such powers cannot reasonably be determined but is considered significant.
  - The proposed legislation also:
    - Authorizes an authority to restrict, by ordinance, access to its solid waste disposal facilities and to regulate the flow of all municipal solid waste within the municipality constituting the authority;
    - Authorizes a collecting municipality that creates an authority or joint authority to guarantee or otherwise secure the payment of bonds, notes, or similar obligations of the authority by ordinance;
    - Requires, prior to any meeting of the municipal governing body to consider such an action, reasonable public notice to be published describing the matter to be considered;
    - Authorizes the governing body of a collecting municipality to appropriate general funds or unappropriated monies from another fund to pay expenses of the authority or joint authority, and to levy a tax upon all taxable property with the municipality sufficient to pay such appropriation.
    - Authorizes a municipality to transfer any project site to the authority through an ordinance;
    - Requires a municipal corporation or county having taxing powers that enters into a contract with an authority or other contracting party to provide by ordinance or resolution for the levy and collection of certain taxes, to pay any expenses of maintaining and operating the project, and to pledge such tax to such payments; and
    - Requires an ordinance of dissolution of an authority to provide for the allocation of assets of the authority among the creditors of the authority and requires the board of directors to petition the chancery court for an equitable allocation of assets if an agreement cannot be reached between the creditors of the authority and the board of directors.
  - The permissive fiscal impacts of the above provisions are dependent on future actions by future authorities and cannot reasonably be determined.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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